



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Cedar City Field Office

176 East DL Sargent Drive
Cedar City, Utah 84720
Telephone (435) 586-2401
FAX (435) 865-3058

5/001/05-7

0002

November 4, 2002

Memorandum

To: Opie Abeyta
From: Ed Ginouves, Cedar City Field Office
Subject: **Financial Security Request**

RECEIVED

FEB - 4 2004

DIV OF OIL GAS & MINING

The Cedar City Field Office received notice that an operator wishes to extend an existing notice of intent and continue mining operations at the site beyond January, 2003. The extension of this notice will require the posting of a financial security to be in compliance with the new 3809 regulations. At present, the best estimate I have for the financial security required is \$20,000. Discussions are ongoing attempting to refine this estimate, but the operator has requested that I submit the current estimate to allow him to get the site secured prior to the Jan. 20, 2003 deadline. Please contact the operator and have him arrange a financial security in this amount. Pertinent information for this operation is abstracted below. Call or E-mail me if you have any questions.

Case Name: Sliver #1-4
Case Number: UTU-71326
Type: 43 CFR 3809, small surface mining operations

Operator: Penney Gemstones (David Penney)
Address: P.O. Box 312, Beaver, Utah 84713
Telephone: 435-438-5522
FAX: 435-438-2555
Claims: Sliver #3 & #4

Date Received: ongoing from 1994
Date Needed: ASAP

Legal Description: T. 29 S., R. 9 W., portions of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of section 17
portions of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of section 20

Acreage Involved: 4.7 acres.

Financial Security: ***This operator will be required to post a financial security of \$20,000 to secure reclamation, as required by 43 CFR 3809.552.***

0002



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

IN REPLY REFER TO:
3809
(UT-924-OA)
UTU-71326,78613,79746

July 16, 2003

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

DECISION

Obligor/Operator:
David Penney
Penny Gemstones
P. O. Box 312
Beaver, UT 84713

Financial Institution:
Utah Independent Bank
P. O. Box 1030
Beaver, UT 84713

Notice Operations: UTU-71326 (extended) - 5/001/057
UTU-78613 (extended) - 5/001/050
UTU-79746 - 5/001/148

Nationwide Bond Amount: \$50,000

Nationwide Financial Guarantee Accepted Notices Extended

You filed notices extending notices UTU-71326 and UTU-78613 with the Cedar City Field Office, Bureau of Land Management (BLM). The reclamation cost estimate is determined to be \$20,000 for Notice UTU-71326 and \$3,000 for Notice UTU-78613.

BLM currently holds a bond in the amount of \$3,000 for Notice No. UTU-79746.

This office received a letter of credit (LOC) in the amount of \$50,000 on July 14, 2003, and a Surface Management Personal Bond contract and Personal Rider on June 30, 2003, to secure bond coverage nationwide and to replace \$3,000 LOC issued by Utah Independent Bank to secure a bond for Notice UTU-79746.

The bond and the financial document have been examined and found satisfactory. The financial guarantee is accepted as of July 14, 2003. Accordingly, notices UTU-71326 and UTU-78613 are extended until January 20, 2005.

The bond covers operations conducted by or on behalf of the obligor/operator nationwide and bond coverage continues, uninterrupted, for the above obligor for Notice UTU-79746. The original security is being returned, enclosed, to Utah Independent Bank for disposition. Also, the unacceptable LOCs received by this office on June 13 and July 7, 2003, are being returned, enclosed, to the bank.

0003 FEB 06 2004

email to E.O. 7/16/03
DIV. OF OIL, GAS & MINING
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The pledge for the bond is a LOC written by the financial institution named above. The LOC will be retained in this office until all terms and conditions of the operations have been fulfilled or until a satisfactory replacement bond has been accepted. The LOC will be returned to the financial institution when this office determines that the bond is not longer required.

The LOC will continue indefinitely in the absence of notice from the financial institution of its determination not to renew the letter. Such a notice must be received in this office at least 90 days prior to the original expiration date of May 28, 2004, or the automatic extension dates falling on the same day in subsequent years. A copy of such notice also should be provided to the obligor, who would then be responsible for providing a replacement security to the BLM. Unless the obligor provides a satisfactory replacement bond at least 30 days prior to the then fixed expiration date, BLM will demand that the financial institution pay the full amount of the credit to ensure continuing bond coverage of the obligor. Any such funds thus obtained will be retained as long as none are required to correct defaults, until the bond is no longer required or until replacement bond coverage is accepted by the BLM.

The bond will be maintained by this office. The bond constitutes coverage of all operations conducted by or on behalf of the obligor on Federal lands (nationwide). The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for plans of operations or notices on public lands issued under the authority of any of the Acts cited on the bond.

~~A total of \$26,000 is obligated to the above-mentioned 3809 notices in Utah.~~ A total \$24,000 remains available for other 3809 notices/plans nationwide. If you have any questions concerning the bond, please contact Opolonia Abeyta at (801) 539-4123.

RITA STELMACH

Rita Stelmach,
Acting Chief, Branch of
Minerals Adjudication

Enclosure (financial institution only)
LOC dated Aug 26, 2002
LOCs dated May 28, 2003 (unacceptable)

cc: Ed Ginouves, Geologist, Cedar City Field Office, UT-040
Terry Snyder, Utah State Office, UT-923
Wayne Hedberg, UDOGM, File Nos. S/001/035 and S/001/056 (extended notices)



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5/001/057
5/001/056
E/001/148

January 23, 2003

Memorandum

To: Opie Abeyta
From: Ed Ginouves, Cedar City Field Office
Subject: **Financial Guarantee Requests**

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FEB - 6 2004

DIV OF OIL GAS & MINING

I have an operator that should have three financial guarantees posted for the three new or extended notices he has active within the CCFO. The operator is:

Operator: Penney Gemstones (David Penney)
Address: P.O. Box 312, Beaver, Utah 84713
Telephone: 435-438-5522
FAX: 435-438-2555

The three case files for the new or extended notices are:

Case Name: Green Chameleon (*new notice*)
Case Number: UTU-79746
Acreage Involved: About 0.5 acres
Financial Security: **\$3,000**

Case Name: Sliver (*extended notice*)
Case Number: UTU-71326
Acreage Involved: About 5 acres
Financial Security: **\$20,000**

Case Name: Lost Gems (*extended notice*)
Case Number: UTU-78613
Acreage Involved: About 1 acre
Financial Security: **\$3,000**

My records show that I previously requested the Green Chameleon and Sliver notice financial guarantees (and that he posted the Green Chameleon guarantee), but I neglected to request the Lost Gems guarantee. The operator contacted me earlier this week about posting a single financial guarantee to cover all his open notices with BLM Utah, which would include the above three notices. If he does post a single guarantee, make sure the \$ amounts of above three notices are covered. If he posts separate guarantees, it will be necessary for the him to be sent a request for the Lost Gems extended notice.



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5/801/057

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GAS & MINING

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